

Mr. Lidderdale preferred to keep within the law, and at the same time to equip the bank with the means of meeting heavy demands for notes, by borrowing gold from France, Russia, and other sources. The sum of ,£3,000,000 in gold was brought over under a special contract with the Bank of France,¹ ,£1,500,000 was obtained from St. Petersburg, and ,£500,000 was drawn from other sources. All this sum of , £5,000,000 thus became available as the guarantee of additional note issues if the pressure for money should become serious. Mr. Lidderdale would not even alarm the community by forcing up the rate of interest to an extreme point, but maintained it at six per cent, and insisted that the great joint stock banks should continue discounting, as usual.² These measures were so successful that the period of stress was passed without actual panic and liquidation set in without important failures. The note issues of the Bank of England increased from ^34,507,580 on November 12th to ^39,939,900 on November 26th, but the increase was almost exclusively in the notes held in the banking department and there was no unusual pressure for currency.

The firm of Baring Brothers and Company was reorganized as a limited company with a capital of ^1,000,000, and made arrangements to continue business. The affairs of the Argentine Republic were found in an extremely bad shape and have not yet been entirely adjusted, but the surplus resources of the Barings enabled a gradual reduction of their liabilities outstanding at the time of the failure. The adjustment proceeded so rapidly that Mr. David Powell, the Governor of the Bank of England, was able, at a general court held on March 16, 1893, to make the following report:³

The liabilities, which have "been increased during the past six months by a claim from the executors of the late T. C. Baring, now

¹ This loan was secured by the deposit of Exchequer bonds issued to the Bank of England by the British Government, in exchange for national debt stock. The cost of the transaction was ^100,000, besides interest.—Pol. Science Quarterly, March, 1894, IX., 23.

² Maclyeod, *Theory of Credit*, II., 836.

³ London *Bankers' Magazine* ^ April, 1893, LV., 610.